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3) Hatoyama: No continued use of Futenma base

YOMIURI (Page 2) (Full)
January 29, 2010

Prime Minister Hatoyama vowed yesterday to aim for a cabinet decision on where to relocate the U.S. military's Futenma airfield in Okinawa Prefecture (to the Henoko area of Nago City in the prefecture), with understanding obtained from the United States and Okinawa Prefecture's people. "I will prepare myself to make a decision by the end of May," Hatoyama said. However, Okinawa and the ruling parties have a growing sense of distrust in Chief Cabinet Secretary Hirano, who is responsible for selecting an alternative site for Futenma airfield's relocation. Dark clouds are hanging over Hatoyama's envisaged scenario for "a complete settlement over the final four months."

Hatoyama, attending yesterday's House of Councillors Budget

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Committee meeting, declared that he would "come up with something that is understandable to all those concerned" by the end of May. That evening, Hatoyama definitely ruled out the possibility of continuing to use Futenma airfield when he was asked by reporters at his office about what he would do should he fail to find out a relocation site. "We've never talked about such options as continued use (of Futenma airfield)," he said.

Meanwhile, Hirano met yesterday at the prime minister's office with Kantoku Teruya, chair of the Social Democratic Party's Diet Affairs Committee, and other members of "Urunokai," a group of Diet members elected from Okinawa Prefecture. In the meeting, Teruya protested Hirano's remarks over Nago's recent mayoral election that ended in the victory of a candidate opposed to accepting the relocation of Futenma airfield. In this regard, Hirano had said, "There's no reason to consider it." Teruya said, "It shocked the people of Okinawa Prefecture and the residents of Nago City."

"There was a misunderstanding," Hirano explained: "I will respect the will of the people, as a matter of course," he added. However, Hirano did not deny that the current plan to relocate Futenma airfield to Nago is included in the list of possible options. "We'd like to consider, from scratch, where to relocate," he said.

4) U.S. envoy: Current plan is best

SANKEI (Page 4) (Full)
January 29, 2010

U.S. Ambassador to Japan Roos met yesterday in Tokyo with former Finance Minister Fukushiro Nukaga, an opposition Liberal Democratic Party lawmaker seated in the House of Representatives. In the meeting, Roos referred to the issue of relocating Futenma airfield, a U.S. military facility located in Ginowan, Okinawa Prefecture. "The United States still thinks the current plan (to relocate Futenma airfield to a coastal area of Camp Schwab) is best," Roos said.

5) Tokunoshima not yet under consideration as possible Futenma relocation site

NIKKEI (Page 2) (Full)
January 29, 2010

Deputy Chief Cabinet Secretary Yorihsisa Matsuno clarified yesterday at a press conference that Seishu Makino, a House of Representatives member of the ruling Democratic Party of Japan (DPJ), had surveyed the island of Tokunoshima in Kagoshima Prefecture as a possible relocation site for the U.S. Marine Corps' Futenma Air Station in Okinawa Prefecture. Matsuno said, "We greatly appreciated it as information," admitting that the government has received a report on the survey. He also pointed out: "The government has yet to reach the stage of looking into the island as a possible relocation site."

6) Component drops from U.S. military aircraft and damages house

MAINICHI (Page 27) (Full)
January 29, 2010

A U.S. Navy "Super Hornet" fighter jet that took off from a nuclear-powered aircraft carrier dropped one of its components when

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flying over the city of Ayase, Kanagawa Prefecture, the U.S. Navy's Atsugi base said yesterday. The dropped object was a duralumin rod, about 57 centimeters long about 3 centimeters in diameter. The rod fell on the house of a 55-year-old local resident living in the city, according to the Yamato Police Station of Kanagawa prefectural police. The fallen rod broke a windowpane and a sliding shutter on a second-floor balcony. No injuries were reported. The house was undergoing soundproofing work against carrier-based aircraft noise, and windowpanes and other removed materials were placed on the porch. The rod had a 20-centimeter wire attached to it. The base is now investigating the cause of the incident.

7) Obama in address makes no reference to Japan, although China, South Korea, and India mentioned

YOMIURI (Page 3) (Full)
January 29, 2010

By Satoshi Ogawa, Washington

U.S. President Barack Obama delivered his State of the Union address on Jan. 28. Japanese observers were paying attention to whether he would mention now strained Japan-U.S. relations, but he made no reference to Japan. From a historic viewpoint, it is not rare that Japan is unmentioned in a State of the Union address, but President Obama fell short of mentioning Japan in speaking of even the areas in which Japan has been deeply involved. Meanwhile, there was mention of such major countries in Asia as China, South Korea, and India. The absence of reference to Japan is likely to cause speculation over the president's real intentions.

In reference to the plan to introduce high-speed rail services in the U.S., Obama said: "There should be no reason for Europe and China to have the world's fastest railway systems." Japan has been eager to market its Shinkansen technology in the U.S. This remark can be taken to mean his interest lies in the technologies of European companies, rivals of Japanese firms, and in China's plan to expand its railway network.

During the summit meeting last February, then Prime Minister Taro Aso persuaded Obama to introduce Shinkansen technology in the U.S. Given this, the president should be fully aware of the political importance of this matter for Japan.

In the first joint seminar of the public and private sectors held in Washington on Jan. 21 by the Land, Infrastructure, Transport and Tourism Ministry, Japan Railways, and other organizations, Transport Secretary Ray LaHood pleased Japanese participants by saying: "Japan is a leader and pioneer in the high-speed railway industry."

In his State of the Union address a year ago, President Obama said that the U.S. "has lagged behind Germany and Japan" in the area of photovoltaic power generation. In the address this time, however, he cited China, Germany, and India as countries that have successfully turned around their economies through green-tech jobs.

Touching on trade liberalization, Obama listed South Korea, with which the U.S. is promoting negotiations on concluding a free trade agreement (FTA), as one of its "major trade partners." The Democratic Party of Japan stated in its campaign manifesto released last July for the previous general election: "The party will conclude an FTA with the U.S." But faced with a backlash from

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domestic agricultural organizations, the party revised the statement to "the party will promote FTA negotiations," disappointing the U.S.

8) Foreign Minister Okada to visit South Korea in February

NIKKEI (Page 2) (Full)

January 29, 2010

Foreign Minister Katsuya Okada decided yesterday to visit the Republic of Korea on Feb. 10-11. He will hold talks with ROK Foreign Affairs and Trade Minister Yu Myung-hwan. The two ministers are expected to make arrangements for a visit to Japan by President Lee Myung-bak with an eye on the first half of this year. They are also expected to discuss the resumption of talks on a Japan-ROK economic partnership agreement (EPA), the North Korea situation, and other issues.

9) DPJ Secretary General Ozawa reportedly says land deal scandal to be settled "soon"

NIKKEI (Page 2) (Full)

January 29, 2010

Democratic Party of Japan (DPJ) Secretary General Ichiro Ozawa had dinner with senior officials of the three ruling parties at a Japanese restaurant in Tokyo on the evening of Jan. 28. According to one participant in the gathering, Ozawa talked about the alleged violation of the Political Funds Control Law by his fund management group in a land deal and said, "I have an absolutely clear conscience." He indicated his anticipation that "the prosecutors' understanding will be obtained and the case will be settled soon."

According to another participant, Ozawa said: "I am innocent. It may take some time but I will work hard to prove my innocence." Seiji Mataichi, deputy leader of the Social Democratic Party, suggested that Ozawa give an explanation to the (Diet's) Council on Political Ethics, but Ozawa did not respond.

10) Ozawa bought land 9 kilometers away from Henoko in Okinawa in 2005, possibly for speculation purposes

SANKEI (Top play) (Excerpts)

January 29, 2010

It became clear yesterday from a register and a House of Representatives property report that Democratic Party of Japan Secretary General Ichiro Ozawa purchased a 5,200-square-meter plot of land in the village of Ginoza, Okinawa Prefecture, in November 2005. The land is in a state of wilderness with no buildings on it, and its use is unknown. It is close to the relocation site for the U.S. Marine Corps' Futenma Air Station, and Ozawa purchased the land shortly after Tokyo agreed to a preliminary report on the realignment of U.S. forces in Japan that included the Futenma relocation. As such, the land purchase might be considered to have been made for speculation purposes. Questions are likely to be raised about the morals of Ozawa as a politician.

According to the register, Ozawa purchased two pieces of land - one measuring 1,593 square meters and another one 3,601 square meters, both located in Kannamikibaru, Ginoza Village - on November 28, 2005.

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The use of the land facing the coast is specified as "wilderness." The owner of the land is Ichiro Ozawa and the address of Ozawa's home in Iwate Prefecture is specified in the register. Ozawa appears to have paid for the land in cash as it does not carry a mortgage. The land is listed in Ozawa's property report.

Although the land sits only about 9 kilometers away from Camp Schwab (in Henoko, Nago City), the relocation site for the Futenma Air Station under the existing plan, it is not included in the area expected to suffer from noise under the relocation plan. Ozawa purchased the land shortly after Tokyo agreed in October 2005 to the preliminary U.S. force realignment report that included the Henoko relocation plan. As such, Ozawa might have purchased the land for

speculation purposes.

11) Ozawa's fund body, Rikuzan-kai, failed to report 1.3 billion yen from his political organization in 2004-2005

MAINICHI (Top play) (Excerpt)
January 29, 2010

It has become clear that in connection with a land purchase by Rikuzan-kai, the fund management organization of Democratic Party of Japan Secretary General Ichiro Ozawa, a total of 900 million yen was withdrawn from the Rikuzan-kai's bank account between 2004 and 2005 and that the amount was not listed in the body's political fund reports. It is believed that the money was exchanged between Rikuzan-kai and Reform Forum 21, a political organization effectively run by Ozawa, along with the 400 million yen that was moved between March and May 2005. It appears that during its questioning of Ozawa on Jan. 23, the special investigation team of the Tokyo District Public Prosecutors Office asked about the total amount of 1.3 billion yen and that it put his reply that he does not know about it on the interrogation record.

12) Rumors circulating in DPJ that PM Hatoyama will step down in May

SANKEI (Page 4) (Lead paragraph)
January 29, 2010

Hiroshi Sakai

Rumors that Prime Minister Yukio Hatoyama will step down in May are circulating in the Democratic Party of Japan (DPJ). With the cabinet's support rating continuing to decline due to the scandal involving his falsified political donations and the violation of the Political Funds Control Law by Secretary General Ichiro Ozawa's fund management group relating to a land purchase, it is widely believed that it will be impossible to manage a soft landing on the issue of the relocation of the U.S. forces' Futenma Air Station (in Ginowan City, Okinawa). It is speculated that at the time a decision on the Futenma issue is made, moves to "topple" Hatoyama will occur, in anticipation of the House of Councillors election this summer. At the Upper House Budget Committee on Jan. 28, Hatoyama remained noncommittal when asked if he plans to put his premiership on the line over a solution to the Futenma issue.

13) Exchanges on Futenma issue at Upper House Budget Committee on January 28

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YOMIURI (Page 11) (Abridged)
January 29, 2010

Below are the main questions and answers at the House of Councillors Budget Committee on Jan. 28. The following Upper House members asked questions: Ryuji Yamane (Democratic Party of Japan), Ichita Yamamoto, Hiroshige Seko (Liberal Democratic Party), Kazuo Hirotomo (New Komeito), Satoshi Inoue (Japanese Communist Party), and Tokushin Yamauchi (Social Democratic Party).

Futenma relocation

Yamamoto: Are you still committed to settling the issue of the relocation of the U.S. forces' Futenma Air Station by May?

Prime Minister Yukio Hatoyama: I will come up with a conclusion by obtaining the understanding of the United States, the Japanese and Okinawan people, and the ruling coalition parties. I will (make a decision on the relocation site) before the end of May.

Yamamoto: Will you resign in case you are unable to do so?

Hatoyama: I am determined to make a decision by May. I am saying this is the government's responsibility.

Yamamoto: Is there any possibility of realizing the proposal to

integrate (the Futenma base) with the Kadena Air Base?

Foreign Minister Katsuya Okada: An examination committee (of the government and the ruling parties) has been created under the chief cabinet secretary to consider (the relocation site) from scratch. I cannot go into details.

Yamamoto: Is relocation to the islands of Iejima or Shimojishima (in Okinawa) possible?

Chief Cabinet Secretary Hirofumi Hirano: We are considering (the relocation site) from scratch without any preconditions. This issue is being looked into from all angles.

Yamamoto: Do you think it is possible that Mr. Susumu Inamine, the mayor-elect of Nago City in Okinawa, will accept the relocation?

Hatoyama: The election of Mayor Inamine is a manifestation of the popular will of the citizens of Nago. I am still unable to determine what the new mayor will think (by May).

Yamamoto: Is it possible that the issue will be settled by adopting the current relocation plan (to relocate the Futenma base to Nago City)?

Hatoyama: We are keeping all options open and considering the issue from scratch.

Yamamoto: If the relocation site turns out to be the same as the current plan, will the Social Democratic Party (SDP) bolt the coalition government?

Consumer Affairs Minister Mizuho Fukushima (SDP leader): The SDP is doing everything it can in this cabinet to prevent the construction of an offshore base (in waters off Henoko in Nago City).

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Yamamoto: What did you mean when you said "trust me" at the Japan-U.S. summit meeting?

Hatoyama: I meant "trust me as a person."

Yamamoto: Have you not caused any misunderstanding?

Hatoyama: I might have caused some misunderstanding. However, I believe that understanding has been achieved through the discussion between Foreign Minister Okada and U.S. Secretary of State Clinton.

Yamauchi: Chief Cabinet Secretary Hirano said that there is no need to take the result (of the Nago mayoral election) into consideration. I demand the withdrawal of this statement.

Hirano: I regard the outcome (of the mayoral election) as an expression of popular will. The examination committee (of the government and the ruling parties) will make a decision from scratch.

14) JAL to decide on new business partner next month: Inamori to meet with executives of U.S. carriers

NIKKEI (Page 11) (Full)
January 29, 2010

Japan Airlines (JAL) is now conducting business tie-up talks with Delta Air Lines and American Airlines separately. Kazuo Inamori, honorary chairman of Kyocera Corporation, who is set to assume the chairmanship of JAL on Feb. 1, met with executives of both carriers and received explanations on the advantages of forming a business tie-up with their companies. A source connected with the Enterprise Turnaround Initiative Corporation of Japan (ETIC) on the same day revealed a policy of reaching a final decision, based on Inamori's wishes, saying, "Forming a business tie-up with an American carrier is a major decision for JAL. We give careful consideration to the matter and decide on a business partner by the end of February."

In forming a business alliance with an American carrier, the Transport Ministry and ETIC have been leaning toward opting for Delta. Talks between Inamine and executives of the two carriers were held separately. However, no decision was made. The same source said that the selection of JAL's business partner will go into high gear from February onward. How JAL's move to tie up with an American carrier will unfold is yet to be seen. Tokyo and Washington agreed to sign an open skies agreement at the end of last year.

15) Opposition to expansion of postal business

NIKKEI (Page 7) (Full)
January 29, 2010

Financial institutions are increasingly opposed to the (government) move to revise the postal business out of concern over a resultant expansion. Members of the Japanese Bankers Association (JBA) on Jan. 28 met with State Minister for Financial Affairs and Postal Reform Shizuka Kamei. During the meeting, they once again took a position of opposing moves to scrap the upper limit of postal savings and allow (Japan Post Group) to make inroads into new businesses. Their opposition is based on the notion that as long as government subscription is kept intact, competitive conditions cannot be considered fair because private financial institutions would be

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placed at a disadvantage. Kamei intends to search for ways to ensure freedom of management while giving consideration the private sector. Coordination of opinions, which will continue until early February when the government plans to come up with a draft plan, will likely encounter complications.

Chairman Yoshio Sato of the Life Insurance Association of Japan on the 28th conveyed the sense of crisis to Kamei, saying, "If the postal business is expanded amid the understanding among the public that the government will extend a certain amount of assistance (to Japan Post), a serious impact will be felt by our sales staff and agencies." After the meeting, Sato indicated his perception that he had obtained understanding from the postal minister on his view.

The JBA appears to have conveyed its position that in the event government subscription is kept intact, it cannot approve the expansion of the postal business premised on overall privatization. The JBA is concerned that Japan Post Bank with deposits totaling about 180 trillion yen will expand if the upper limit to savings is eased. With the life insurance area in mind, Chairman Tommy Kullberg of the European Business Council also called for ensuring a level playing field.

In the meantime, a representative of the national special postmasters association (Zenkoku Yubinkyokucho-kai) asked Kamei to take a second look at the revision plan from the perspective of the public. Chairman Takushoku told reporters, "If (the government) asks us to provide universal service throughout the nation, it will be unfair if it does not guarantee our business to some extent." His stance is opposite that of the private financial industry. The association intends to seek special treatment, such as tax exemption and a monopoly on the business.

16) Keidanren Chairman Mitarai: I have high expectations of Yonekura on a Japan-U.S. FTA

NIKKEI (Page 5) (Full)
January 29, 2010

Nippon Keidanren Chairman Fujio Mitarai, speaking at a press conference in Osaka City, said with regard to Hiromasa Yonekura, who will succeed him in May: "Keidanren has aimed to promote talks on a Japan-U.S. free trade agreement. I have great expectations that Mr. Yonekura will be able to move the talks forward because he is well-versed in Japan-U.S. relations."

17) Fewer high school students studying abroad in 2008

YOMIURI (Page 1) (Excerpts)
January 29, 2010

The Education, Culture, Sports, Science and Technology Ministry announced yesterday that the number of high school students who studied abroad for more than three months in the 2008 academic year was 3,190, which accounts for about 70 PERCENT of its peak level and marks the second lowest number since 1986, when the survey was started. Experts attribute the poor result to the recent trend of young people opting to stay in Japan rather than going abroad, in addition to the economic recession.

The survey is conducted of high school students across the nation every other year. The number reached 4,487 in 1992 due partly to

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improvements in the nation's study-abroad system. Afterward, however, the number has been on the decline, and the number this year was nearly 20 PERCENT less than in the 2006 survey. The U.S. topped the list of destinations for those studying abroad with 1,150 (down 23 PERCENT from the previous survey), accounting for 40 PERCENT of its peak level, followed by Canada with 460 (down 25 PERCENT), and Australia with 438 (down 27 PERCENT).

ROOS